

146 FERC ¶ 61,143  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

February 28, 2014

In Reply Refer To:  
Equitrans, L.P.  
Docket No. RP14-373-000

Equitrans, L.P.  
625 Liberty Avenue  
Suite 1700  
Pittsburgh, PA 15222

Attention: Sarah A. Shaffer  
Rates Director

Dear Ms. Shaffer:

1. On January 17, 2014, Equitrans, L.P. (Equitrans) filed revised tariff records<sup>1</sup> with a proposed effective date of March 1, 2014. Equitrans stated that the purpose of the filing is to add flexibility to its system by providing a Market Lateral Service (MLS), under which Equitrans could construct pipeline facilities from or to a point on its existing transmission system to a point of interconnection with the facilities of other parties for the benefit of only one or a limited number of customers. The Commission will accept the revised tariff records, subject to conditions, as discussed below.

2. Equitrans states that the ability to provide this service will provide existing customers with additional end-use markets for their gas supplies. According to Equitrans, the proposed service will be provided under Rate Schedule MLS on either a firm or an interruptible basis, with priority of service on the Market Laterals consistent with that for other firm and interruptible services, without affecting the priority of service for existing services. Equitrans states that consistent with Texas Eastern Transmission, LP's (Texas Eastern) Market Lateral Service provided under its Rate Schedule MLS-1 and Transcontinental Gas Pipeline Company, LLC's (Transco) Firm Delivery Lateral

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<sup>1</sup> The revised tariff records are listed in the Appendix to this order.

Service provided under its Rate Schedule FDLS,<sup>2</sup> rates and associated retainage for Equitrans' proposed service will be incremental rates for each proposed market lateral and will be filed with the Commission within the respective certificate application for the construction of each proposed market lateral.

3. Public notice of the filing was issued on January 17, 2014. Interventions and protests were due as provided by section 154.210 (18 C.F.R. § 154.210 (2013)). Pursuant to Rule 214, 18 C.F.R. § 385.214 (2013), all timely motions to intervene and any unopposed motions to intervene out-of-time filed before the date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties. Peoples Natural Gas Company LLC, Peoples TWP LLC, and Peoples Gas WV LLC (collectively, "Peoples") filed a protest.

4. On February 11, 2014, Equitrans filed an answer to the concerns raised by Peoples. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure prohibits answers to protests or answers unless otherwise permitted by the decisional authority.<sup>3</sup> The Commission accepts Equitrans' answer because it provides information that will assist the decision-making process. In its answer, Equitrans states that since the time the protest was filed by Peoples, representatives of Equitrans have met with representatives of Peoples to address the concerns raised in its protest. As a result of those discussions, Equitrans has made clarifications to its proposal to address certain points raised in the protest.

5. Peoples' primary objection to Rate Schedule MLS is that because Equitrans did not provide any system-specific and customer-specific support for its proposal, both its averred support for its filing and some of the issues raised in this protest are, by necessity, hypothetical and speculative. For example, Peoples state that Equitrans is a reticulated system, and there is no basis for assuming that the addition of a new delivery point would not affect other shippers and services. Additionally, Peoples claim that while Equitrans avers that this service will provide existing customers with additional end-use markets for their gas supplies, without a specific project to consider, there is no way to determine if this would be true. Peoples argue that if the Rate Schedule MLS service is provided to an end-user that is already being served by an existing customer, then that specific lateral service would not provide an additional end-use market, just a different way to access an existing market.

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<sup>2</sup> *Texas Eastern Transmission, LP*, 99 FERC ¶ 61,308 (2002), order denying rehearing and clarifying prior order, 101 FERC ¶ 61,056 (2002); *Transcontinental Gas Pipe Line Co., LLC*, 127 FERC ¶ 61,297 (2009).

<sup>3</sup> 18 C.F.R. § 385.213(a)(2) (2013).

6. In its answer, Equitrans clarifies that to the extent it seeks to construct a lateral line and provide service on the line under Rate Schedule MLS, Equitrans will first be required to file a complete certificate application pursuant to section 7 of the Natural Gas Act (NGA) with the Commission, including all information required under 18 C.F.R. § 157.6 of the Commission's regulations. Equitrans asserts that to the extent that Peoples or any other shipper concludes that the construction of a specific lateral and the provision of Rate Schedule MLS service on that lateral "will reduce Equitrans' operational flexibility," it will have the opportunity to bring this concern to the attention of the Commission at that time. Equitrans avers that approval of the proposed Rate Schedule MLS will not deprive the Commission, Peoples, or any affected customers of the right to review and evaluate whether a specific project under Rate Schedule MLS will create operational issues.

7. Further, in its answer, Equitrans notes that Rate Schedule MLS would establish an incrementally-priced service that would provide the MLS shipper with capacity rights *only* on the specified market lateral. Equitrans states that shippers under Rate Schedule MLS would be responsible for arranging transportation to or from the Equitrans' transmission system. Thus, while the Commission, Peoples, and any other customer will have the ability to review the impact of a proposed market lateral, the existence of Rate Schedule MLS should not affect existing shippers' receipt and delivery point flexibility, nominating and scheduling priorities, allocation of capacity, operating conditions, or curtailment. Equitrans states nevertheless that to address Peoples' concerns, it is willing to modify its Rate Schedule MLS proposal to state explicitly that "... nothing in this Section 5.1[2.6(a)] shall alter Equitrans' satisfaction of its delivery obligations under other Rate Schedules..."<sup>4</sup>

8. In view of the foregoing and the review of Equitrans' proposed MLS Rate Schedule, we find that Equitrans' MLS Rate Schedule will not adversely affect its existing shippers. The Commission and any interested parties will have the ability to review the incrementally-priced rates and service at the time when Equitrans seeks approval of a specific lateral service. However, Equitrans is directed to add the clarification to its proposed language as suggested by Peoples in their protest.

9. Peoples also protest that Equitrans' reliance on the purportedly comparable rate schedules on Texas Eastern and Transco's systems is misplaced because those rate schedules "were approved in conjunction with a certificate case where a specific project was being proposed and the reasonableness of the proposed rates could be considered in light of the specific project."<sup>5</sup> In its answer, Equitrans contends that Rate Schedule MLS

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<sup>4</sup> Equitrans' Answer at 2-3.

<sup>5</sup> Peoples' Protest at P 10.

need not be evaluated in the context of a specific project. Equitrans argues that while it is true that two of the comparable lateral services offered under Transco's tariff were filed at the same time Transco filed a certificate application for a lateral in another docket, the Commission's review of Transco's proposed FDLS and IDLS tariff sheets did not involve consideration of the issues raised in the separate certificate docket.<sup>6</sup> Equitrans states that in the docket that the Commission established to consider the proposed FDLS and IDLS rate schedules, one of Transco's customers filed a protest regarding the actual FDLS and IDLS rates that Transco had proposed in its separate certificate proceeding.<sup>7</sup> Equitrans states that the Commission rejected the protest, stated that the proposed FDLS and IDLS rate schedules would be considered apart from the certificate proceeding,<sup>8</sup> and noted that it was not "approving an initial rate in the instant proceeding. The initial rates for each delivery lateral service will be established in each lateral delivery line certificate proceeding... based on the facts established in each such certificate proceeding."<sup>9</sup>

10. The Commission finds that Equitrans' proposal does not have to be evaluated as part of a specific lateral project. As mentioned above, prior to constructing a project specific lateral pursuant to Rate Schedule MLS, Equitrans will need to file a NGA section 7 certificate application. The Commission will evaluate the incrementally-priced rates and service that are offered under Equitrans' MLS service in that certificate proceeding.

11. In its protest Peoples questions Equitrans' intention to offer the proposed service in a bi-directional manner. Equitrans answered that while it designed Rate Schedule MLS primarily to deliver natural gas to natural gas-fired electricity generation facilities, the proposed "from or to a point on its existing transmission system" verbiage provides Equitrans with the flexibility to have bi-directional flows on the Market Laterals. Equitrans asserts that this proposal relates to the laterals that would be constructed under the tariff provision and meets the objective of creating a service that offers maximum flexibility for the consideration of various projects, which could include both traditional

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<sup>6</sup> *Transcontinental Gas Pipe Line Co., LLC*, 127 FERC ¶ 61,297, at P 6 (2009).

<sup>7</sup> *Id.*

<sup>8</sup> *Id.* P 11 ("Transco's initial rate schedule for the Bayonne Project will be addressed in the proceeding in Docket No. CP09-417-000.").

<sup>9</sup> *Id.* P 8.

and novel approaches to moving Marcellus supply to new markets.<sup>10</sup> As such, Equitrans avers that the proposal is consistent with those of other pipelines such as Transco that allow laterals to be bi-directional – a point recognized by Peoples in its protest. Equitrans states that it is proposing nothing different with its revised tariff language. Accordingly, we find that Equitrans' proposal to allow for bi-directional flow under Rate Schedule MLS is consistent with similar proposals we have approved for other pipelines such as Transco. Thus, we find that Equitrans satisfactorily addressed Peoples' concern.

12. In its protest, Peoples asked Equitrans to explain how proposed Rate Schedule MLS is different from Section 6.34[1] of the General Terms and Conditions (GT&C) of its tariff, which allows a customer to “request that Equitrans construct, install, improve, operate, or maintain a lateral pipeline or other facilities to permit deliveries to the customer from Equitrans’ existing pipeline facilities.”<sup>11</sup> Equitrans states in its answer that the proposed Rate Schedule MLS does not conflict with but complements Section 6.34[1] of Equitrans’ tariff. Equitrans states that if a customer requests Equitrans, per Section 6.34[1], to construct and operate a lateral pipeline to permit deliveries to the customer from Equitrans’ existing pipeline facilities, Section 6.34[2] of Equitrans’ tariff provides that “Equitrans and Customer may agree to a reasonable payment schedule for the reimbursement of facility costs including carrying charges.” According to Equitrans, Rate Schedule MLS complements Section 6.34 of its FERC Gas Tariff by establishing the “reasonable payment schedule” that will be used for such reimbursement of facility costs.

13. Equitrans further states that the establishment of Rate Schedule MLS will allow it to ensure that the provision of service on the lateral will not affect the integrity of its system or its ability to provide reliable firm service. This is because, in contrast with Equitrans’ other rate schedules, Equitrans’ proposed Rate Schedule MLS includes hourly flow restrictions. Accordingly, Equitrans claims that Rate Schedule MLS was tailored to complement Equitrans’ existing services and at the same time provide it with the ability to ensure that lateral service does not adversely affect its existing operations.

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<sup>10</sup> In its protest, Peoples expressed concern that Equitrans may construct a lateral to an upstream transmission facility “for the benefit of only one or a limited number of customers.” Peoples’ Protest at P 9. To the extent that Peoples or any other customer believes that a market lateral will be unfairly operated for the benefit of a limited number of customers, Peoples or other objecting customers would have the right to bring this concern to the attention of the Commission at the time Equitrans files a certificate application seeking approval of the lateral.

<sup>11</sup> Peoples’ Protest at P 10.

14. We thus find that proposed Rate Schedule MLS is not duplicative of, or redundant, with respect to Equitrans existing tariff. As Equitrans has shown, MLS service would complement its existing services.

15. Peoples also protests Equitrans failure to include surcharges for service under Rate Schedule MLS.<sup>12</sup> Equitrans' tariff currently reflects an ACA surcharge as well as a Pipeline Safety Cost (PSC) rate surcharge for most of its current rate schedules. In its answer, Equitrans clarifies that as contemplated, Rate Schedule MLS volumes will be transported either to or from Equitrans' transmission system, and that all applicable surcharges would be assessed on that service. Equitrans asserts that to apply surcharges to Rate Schedule MLS throughput would result in duplicative recovery of such surcharges. The Commission agrees that it would be duplicative and unreasonable for Equitrans to assess its existing surcharges on its mainline system and then to assess those same surcharges on a lateral constructed pursuant to Rate Schedule MLS.<sup>13</sup> If Equitrans proposes any new surcharges, the issue of whether such surcharge should be applied to the MLS service can be considered at that time.

16. In its protest, Peoples also questions whether Section 6.31 of the GT&C of Equitrans' Tariff should be amended to address quantities of gas retained under its proposed Rate Schedule MLS.<sup>14</sup> In its answer, Equitrans states that its intent was to file *pro forma* tariff changes to Section 4 of its FERC Gas Tariff to propose base rates and retainage factors, as well as the mechanism through which over or under retainage would be tracked or paid back, within the specific Market Lateral's certificate application. At that time, Equitrans will propose the necessary corresponding modifications to Section 6.31. However, Equitrans states that if the Commission so prefers, it is amenable to making changes to Section 6.31 to become effective March 1, 2014 with the other tariff changes proposed under this docket.

17. In light of Equitrans' answer, we will direct Equitrans to file *pro forma* tariff changes pursuant to Section 4 of its FERC Gas Tariff to propose base rates and retainage factors, as well as the mechanism through which over or under retainage would be tracked or paid back, when it files its specific Market Lateral certificate application. Accordingly, we find that the tariff records reflecting Equitrans' proposed MLS service

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<sup>12</sup> Peoples' Protest at P 13.

<sup>13</sup> Neither Texas Eastern's Rate Schedule MLS-1 or Transco's Rate Schedule FDLS apply surcharges to their similar services.

<sup>14</sup> Peoples' Protest at P 12.

are accepted to be effective March 1, 2014, subject to Equitrans filing revised tariff language, within 15 days of the issuance of the order, to clarify its MLS service as directed above.

By direction of the Commission.

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

## **Appendix**

### **Equitrans, L.P. FERC NGA Gas Tariff Equitrans Tariff**

#### ***Tariff Records Conditionally Accepted, Effective March 1, 2014***

[Section 1, Table of Contents, 9.0.0](#)

[Section 5.14, Rate Schedule MLS, 0.0.0](#)

[Section 6.1, Definitions, 7.0.0](#)

[Section 6.7, Flexible Receipt and Delivery Points, 6.0.0](#)

[Section 6.8, Scheduling of Services, 7.0.0](#)

[Section 6.9, Curtailment of Service, 3.0.0](#)

[Section 6.11, Operational Flow Orders, 6.0.0](#)

[Section 7.13, Rate Schedule MLS, 0.0.0](#)

[Section 7.13.1, Rate Schedule MLS - Exhibit A, 0.0.0](#)

[Section 7.13.2, Rate Schedule MLS - Optional Exhibit B, 0.0.0](#)

[Section 7.13.3, Rate Schedule MLS - Optional Exhibit C, 0.0.0](#)

[Section 8.1, Service Request Form, 4.0.0](#)